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FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCE IN CYPRUS

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/50/722/Add.1) on the financing of the United Nations Peace-keeping Force in Cyprus (UNFICYP). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

2. The Advisory Committee recalls that for the 12-month period from 1 July 1995 to 30 June 1996, the General Assembly, in resolution 49/230 of 23 December 1994, approved resources amounting to $43,472,300 gross ($42,645,700 net) for UNFICYP. The Secretary-General's current report contains the proposed budget for UNFICYP for the 12-month period from 1 July 1996 to 30 June 1997 with expenditure for the period estimated at $44,119,200 gross ($42,072,300 net), reflecting an overall increase of 1.5 per cent in gross terms compared with the preceding 12-month period. As indicated in the summary of the Secretary-General's report, the increase of $646,900 gross results primarily from the conversion to the status of United Nations local staff of locally employed civilian staff obtained on a contractual basis. The Advisory Committee notes that the increase is also attributable to the Secretary-General's request for an additional international post at the P-3 level as well as to such items as utilities and commercial communications.

3. With regard to the format and presentation of the report, the Advisory Committee recalls the comments and recommendations made in its report in document A/50/798 in the context of its examination of the Secretary-General's note containing the mock-up budget for peace-keeping operations (A/50/319). Specifically, in paragraph 8 of document A/50/798, the Advisory Committee had stated that "although the presentation of information in the form of tables and graphs should be encouraged, these should not substitute for written

explanations". Thus, the Advisory Committee believes that table 1 of the report is unnecessary since the information has been provided in narrative form.

4. Furthermore, the Advisory Committee recommends that table 3 of the document under consideration should be omitted from future presentations. The Advisory Committee believes that attempts to apportion costs to the various items of expenditure have not been successful since it is not possible, for example, to apportion costs such as supplies and services and air and surface freight between the military and civilian components and mission support.

5. The Advisory Committee notes that while the Secretary-General's reports in documents S/1995/488 and S/1995/1020 contain extensive information with regard to UNFICYP's humanitarian functions and its cooperation with the Office of the United Nations High Commissioner for Refugees (UNHCR) in this respect, it is regrettable that no mention whatsoever has been included in the budget report on this aspect of UNFICYP's activities. The Advisory Committee recalls that it had been informed previously that humanitarian activities in the area were not on the scale or of the nature of the humanitarian activities associated with other recent peace-keeping operations. In UNFICYP those activities have traditionally included facilitating family reunion visits between the two communities in Cyprus, the delivery of medicines and pension cheques to communities in enclaves, supervision of medical evacuations and facilitating communications between authorities of public utilities (see A/47/1004).

6. The Advisory Committee inquired as to the administrative, organizational and resource requirements for UNFICYP's humanitarian activities and was informed that a military unit comprising from 15 to 20 personnel, including civilian local level staff, was involved in this activity. The Advisory Committee inquired and was informed that as of 4 March 1996, the total number of staff involved in UNFICYP's humanitarian activities was as follows:

UNFICYP headquarters	3 military officers 1 civilian police monitor 2 non-commissioned officers 1 local-level secretary
Sector 1 (Argentinian contingent)	2 officers 2 non-commissioned officers
Sector 2 (British contingent)	1 officer 4 non-commissioned officers
Sector 4 (Austrian contingent)	1 officer 4 non-commissioned officers

7. The Advisory Committee expects that future budget submissions will include all information pertaining to humanitarian and other such activities.

8. The Advisory Committee also recommends that the information provided in the annexes to document A/50/722/Add.1 should be much more cohesive, with a concise explanation of the increases in estimates and better narrative explanations.

For example, the narrative in annex II.E to the report should be better synchronized with the information provided in other parts of the annex. Furthermore, in parts of annex II the current inventory of assets has not been included and a proper demarcation has not been made between vehicles that are owned or rented by UNFICYP as distinguished from those that are contingent-owned.

9. The Advisory Committee recalls that, pursuant to General Assembly resolution 47/236 of 14 September 1993, the costs of UNFICYP which are not covered by voluntary contributions have been assessed on Member States since 16 June 1993. Voluntary contributions equal to one third of the annual cost of UNFICYP are being made on a continuing basis by the Government of Cyprus, while the Government of Greece has pledged an annual contribution of $6.5 million. As indicated in paragraph 15 of the Secretary-General's report, total resources of $110,723,750 gross have been made available to the Force from 16 June 1993 to 31 December 1995 (including voluntary contributions of $56,945,400 from the Governments of Cyprus and Greece).

10. The Advisory Committee notes from paragraph 16 of the report that with regard to the status of assessed contributions for the period from 16 June 1993 to 31 December 1995, amounts totalling $50,809,617 had been assessed for UNFICYP and that contributions received as at 31 December 1995 amounted to $42,587,722. In addition, outstanding assessments were reduced by an amount of $78,203 pursuant to General Assembly resolution 50/83 of 15 December 1995, resulting in a shortfall of $8,143,692. With regard to the information indicated in paragraph 25 of the report, the Advisory Committee inquired and was informed that full reimbursement in accordance with standard rates established by the General Assembly for troop costs has been made to troop-contributing countries for the period from 16 June 1993 to 31 July 1995; it is estimated that an amount of $6.3 million is due for troop costs for the period ending 31 December 1995.

11. The Advisory Committee notes from paragraph 18 of the report that in response to the appeals by the Secretary-General for the financing of the Force for the period prior to June 1993, voluntary contributions totalling $6.4 million were pledged; however, of this amount, $310,500 has been paid. The Advisory Committee was informed that most of the outstanding pledges were made by either former or current troop-contributing countries to UNFICYP.

12. In this connection, the Advisory Committee notes from paragraph 20 of the report that as at 31 December 1995, the special account established for the period prior to 16 June 1993 had a cash balance of approximately $200,000, whereas obligations in respect of reimbursement to troop contributors amount to some $200 million.

13. The Advisory Committee examined in detail the Secretary-General's budget estimates for the period from 1 July 1996 to 30 June 1997. The Advisory Committee recalls its comment in its report (A/50/798) in the context of its examination of the "mock-up" budget that the document should provide information on budget performance for previous periods and the latest available financial data for the period in progress. The financial performance for the period from 1 January to 30 June 1995 was contained in the Secretary-General's report (A/50/722 and Corr.1); information was not included in respect of the period in

progress. On inquiry, the Advisory Committee was informed that the initial financial performance report for the period from 1 July to 31 December 1995 showed that the amount appropriated for the period would be fully utilized with an additional requirement for the overexpenditure of $333,000 gross ($344,800 net) which was carried over from the period 1 January to 30 June 1995.

14. As mentioned in paragraph 2 above the increase in the budget estimates is primarily owing to the conversion of 318 local level staff and a request for an additional post at the P-3 level. As indicated in table 4 of the Secretary-General's report (A/50/722/Add.1) there are currently 9 international posts at the Professional level and above, in addition to 27 Field Service posts. As indicated in annex IV to the Secretary-General's report, five of the Field Service posts are listed against support services. On inquiry, the Advisory Committee was informed that the Field Service staff perform supervisory services in such functions as vehicle mechanic, workshop supervisor, generator mechanic and electrician. The Advisory Committee believes that some of the functions of the Field Service posts could either be combined or performed by locally recruited personnel.

15. Having considered the job description relating to the additional P-3 international post requested and the additional information provided by the representatives of the Secretary-General, the Advisory Committee is not convinced that the functions envisaged for the P-3 post cannot be combined with one of the existing posts. As such, the Advisory Committee recommends that the staffing resources be reorganized to accommodate the functions described in annex V to the Secretary-General's report.

16. The Advisory Committee notes that there is an increase in local staff salaries and common staff costs indicated in annex I to the Secretary-General's report, offset by a corresponding decrease in contractual services. These estimates relate to the conversion as of 1 July 1995 of the locally employed civilians who had been provided by the British Forces in Cyprus from 11 December 1974 to 30 June 1995 by means of a letter of assist.

17. The Advisory Committee recalls that it was informed that the locally employed civilians were employed by the Civilian Establishment and Pay Office of the British Forces in Cyprus and were under a labour contract, subject to the Office's regulations and conditions of employment, which included entitlement to terminal benefits, including gratuity and indemnity payments. Under their terms of employment, the locally employed civilians were also entitled to an end-of-year bonus (equivalent to one month's salary) and reimbursement of travel costs in connection with carrying out their duties in the buffer zone. All administrative costs, including salaries, incurred by the Civilian Establishment and Pay Office in providing this personnel (except for the charges incurred by the United Kingdom of Great Britain and Northern Ireland) were charged to UNFICYP by the United Kingdom Government through the regular logistics support billings together with the applicable administrative fee (see A/50/802, paras. 37-39).

18. The Advisory Committee was further informed that during the period that UNFICYP was funded from voluntary contributions, some of the locally employed civilians were either fully funded by the United Kingdom, financing for others

was cost-shared (70 per cent United Kingdom, 30 per cent United Nations) while others were fully funded by the United Nations.

19. With regard to the question of liability for terminal benefits for the locally employed civilians (A/50/802, para. 40), there are two issues involved; the first relates to the responsibility the United Nations may have for the termination benefits of those contractual personnel who have not been taken over by the United Nations as local staff; the second relates to the recognition of prior service for those who have been taken over. The Advisory Committee understands that these matters are under review and that related costs would be reflected in the next performance report and/or in future budgets; in this connection, the Advisory Committee expects that any presentations of costs will be accompanied by a full explanation of the arrangements entered into by the United Nations.

20. The Advisory Committee notes the increases in the estimates for such items as utilities (from $793,700 to $1,174,600) and commercial communications (from $359,200 to $383,300) over the previous period. The Advisory Committee is concerned at this trend and trusts that greater control over these items will be exercised and the situation will be closely monitored.

21. On inquiry, the Advisory Committee was informed that of the 343 vehicles listed in annex II.D to the report, 145 were rental vehicles, 56 were United Nations owned and 142 were contingent owned. The Advisory Committee notes from annex I to the report, however, that there is an increase in estimates for rental of vehicles and related costs from $1,656,300 for the previous 12-month period to $1,767,000 for the period under consideration. The Advisory Committee expects that expenditure in this regard will be closely monitored and kept under control. Furthermore, the Advisory Committee questions the basis for ratios for use of vehicles as indicated in annex II.B to the report, as they appear to be arbitrary.

22. With regard to air operations, the Advisory Committee notes that the "Argentinian contingent will provide required air support through the use of two Hughes H-500 D/369M light observation helicopters, with night flying and observation capability, at the hire rate of approximately $900 per flight hour for 1,080 hours, inclusive of spare parts and maintenance" (annex II.E, para. 6). The Advisory Committee also notes from annex I of the report that estimates for air operations have increased from $986,800 for the period from 1 July 1995 to 30 June 1996, to $1,011,200 for the period under consideration. On inquiry the Advisory Committee was informed that the increase in estimates over the previous budget period was owing to the fact that the helicopters being used for the period under consideration provided night flying and observation capability. The Advisory Committee was also informed that expenditure for this item, prior to the contract with the Argentinian Government, amounted to $1,182,500 for the six and a half-month period from 16 June to 13 December 1994 (A/49/590).

23. The Advisory Committee inquired as to what the estimates for internal audit entailed. The Advisory Committee was informed that the estimates included the travel and subsistence allowance for two auditors for a total of 20 days each in Cyprus to undertake a comprehensive audit of the UNFICYP accounts, with

particular emphasis on procurement, personnel, communications, transport and air operations as well as follow-up of prior audit recommendations.

24. The Advisory Committee points out that the usual provision for payment to the support account has not been included in the Secretary-General's report. The Advisory Committee notes that the Secretary-General is proposing a new funding mechanism in his report in document A/50/876). The Advisory Committee was informed that had provision been included in this budget, it would have amounted to $853,600.

25. Taking into account its observations and recommendations in the paragraphs above, the Advisory Committee is of the opinion that the cost of UNFICYP should not exceed $44,013,600 gross for the period from 1 July 1996 to 30 June 1997. The Advisory Committee also recommends the appropriation of the amount of $23,519,000 gross ($21,489,100 net), representing two thirds of the authorized cost of the maintenance of the Force for the 12-month period beginning on 1 July 1996, to be assessed at the monthly rate of $1,959,917 gross ($1,790,758 net), subject to the extension(s) of the Force by the Security Council.

26. The Advisory Committee also recommends approval for UNFICYP, on an exceptional basis, the special arrangements with regard to the application of article IV of the Financial Regulations of the United Nations, whereby appropriations required in respect of obligations owed to Governments providing contingents and/or logistic support to UNFICYP shall be retained beyond the period stipulated under financial regulations 4.3 and 4.4.